For the year ended March 31, 2001, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") recorded a turnover of HK$398 million, representing an increase of 88% from HK$211 million for the previous year. The increase in turnover was mainly attributable to the newly acquired newspaper and magazine publishing and offset printing business which recorded a turnover of approximately HK$153 million during the year.

The loss attributable to shareholders amounted to HK$57 million as compared with the profit attributable to shareholders of HK$25 million for the previous financial year. During the year, a loss of HK$36 million was recorded for the newspaper and magazine publishing and offset printing business while a loss of HK$11 million was recorded for the internet business of the Group.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended March 31, 2001.

REVIEW OF OPERATIONS

Internet

To survive in the competitive internet and technology business in Hong Kong, the eDaily Group, the flagship of the Group's internet and technology business has implemented tight cost control while at the same time opened up new revenue streams during the year. It also acquired songs and movie internet streaming rights from the Emperor Entertainment Group and the Emperor Movie Group for a total consideration of HK$250 million in May 2000 to strengthen its content resources. As a result of an internal restructuring scheme, such rights were sold to Emperor International Holdings Limited, the substantial shareholder of the Company, at the same price in September 2000 together with 50% interest of the eDaily Group. In view of the huge loss in the investment and the unfavourable market condition, the Group ceased its internet business in early 2001.

Apparel Trading and Retailing

The apparel trading and retailing operation is the most profitable operation of the Group. During the year, the operation made a positive contribution to the Group. With the strong brand equity of "Balenciaga" and the effective cost control measures, the management expected the performance of "Balenciaga" to continue to improve in the coming year.

The Group has diversified its product range by franchising two additional famous French labels "Smalto" and "Courreges" and further expanded the sales network of these two new labels by establishing counters and shops in both Hong Kong and the People's Republic of China (other than Hong Kong). As these two labels are still at an investment stage, a loss was recorded for this year. The management is optimistic about the market potential and profitability of these two labels. To further broaden the income stream, the Group will continue to source quality menswear labels.

Fishery and Marine Products

With the implementation of effective cost control measures, the marine product distribution business in Hong Kong and the glass eel trading business of the Group recorded encouraging results in this year. As a result of the gradual economic rebound, the turnover of this operation slightly increased by 7% from HK$93 million for the last year to HK100 million for this year, and made a positive contribution of approximately HK$1 million to the Group as compared with a loss of HK$2.5 million for the previous year.

Newspaper and Magazine Publishing and Offset Printing

In June 2000, the Group acquired the printing and publishing division from Graneagle Holdings Limited, a former associate of the substantial shareholder of the Company at a consideration of approximately HK$29 million. The current publications of the Group includes a newspaper (Hong Kong Daily News) and 4 weekly magazines (Economic Digest, My Money, Weekend Weekly and New Monday). In September 2000, the Group disposed of High Strong Printing Limited at a gain of approximately HK$446,000 leaving only Hong Kong Daily Offset Printing Limited in the Group.

A turnover of HK$153 million and a loss of HK$36 million was recorded for the printing and publishing division since its acquisition by the Group to the financial year end. The loss was attributable to the newspaper and magazine publishing operation which suffered from the intense competition in the industry. The offset printing business was able to make a positive contribution despite the adverse operating conditions and keen competition.

FINANCIAL RESOURCES

As at March 31, 2001, the group maintained a healthy gearing ratio of 23% (measured by total indebtedness as a percentage to the net asset value of the group).

As at the same time, the group had banking facilities totalling HK$132 million, out of which HK$61 million had been utilized, HK$71 million had not yet been utilized and were enough to cover the foreseeable working capital requirement.

STAFF COSTS

The total cost incurred for staff including directors amounts to HK$95 million. The increase over last year's HK$24 million is due to the acquisition of the publishing and printing business. The number of staff as at the year end date is approximately 670.

ASSETS PLEDGED

Assets with carrying value of HK$63 million were pledged for banking facilities as at year end date.

CONTINGENT LIABILITIES

As at March 31, 2001, the Company had contingent liabilities totalling approximately HK$69,500,000 in respect of guarantees given to banks in connection with credit facilities granted to subsidiaries. As at March 31, 2001, the credit facilities guaranteed by the Company to subsidiaries have been utilized to the extent of approximately HK$36,210,000.

PROSPECTS

In view of the difficult operating environment in Hong Kong for the existing business of the Group, the Directors will closely monitor the operation of the business of the Group while at the same time cautiously look for opportunities to diversify its business into other promising business whenever appropriate in order to enhance the long-term growth potential of the Group.

APPRECIATION

On behalf of the Board, I would like to express our heartfelt thanks to Mr. Wong Ching Yue who has resigned as a director of the Company for his valuable contribution to the Group's development. I would also thank our staff for their dedication and hard work, and our shareholders and business associates for their continuous support and confidence in the Group.

On behalf of the Board
Wong Chi Fai
Director

July 18, 2001